



# भारत का राजपत्र The Gazette of India

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EXTRAORDINARY

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PART II — Section 2

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bills were introduced in Lok Sabha on 18th December, 2009:—

BILL No. 136 OF 2009

*A Bill to amend the Transplantation of Human Organs Act, 1994.*

WHEREAS it is expedient to amend the said law enacted by Parliament relating to regulation of removal, storage and transplantation of human organs for therapeutic purposes and for prevention of commercial dealings in human organs;

AND WHEREAS Parliament has no power to make or amend laws for the States with respect to any of the matters aforesaid except as provided in articles 249 and 250 of the Constitution;

AND WHEREAS in pursuance of clause (1) of article 252 of the Constitution, resolutions have been passed by all the Houses of the Legislatures of the States of Goa, Himachal Pradesh and West Bengal to the effect that the aforesaid Act should be amended by Parliament.

BE it enacted by Parliament in the Sixtieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Transplantation of Human Organs (Amendment) Act, 2009.

Short title,  
application  
and com-  
mencement.

(2) It applies, in the first instance, to the whole of the States of Goa, Himachal Pradesh and West Bengal and to all the Union territories and it shall also apply to such other State which adopts this Act by resolution passed in that behalf under clause (1) of article 252 of the Constitution.

(3) It shall come into force in the States of Goa, Himachal Pradesh and West Bengal and in all the Union territories on such date as the Central Government may, by notification, appoint and in any other State which adopts this Act under clause (1) of article 252 of the Constitution on the date of such adoption; and any reference in this Act to the commencement of this Act shall, in relation to any State or Union territory, means the date on which this Act comes into force in such State or Union territory.

Amendment  
of long title.

2. In the Transplantation of Human Organs Act, 1994 (hereinafter referred to as the principal Act), in the long title, for the words "human organs for therapeutic purposes and for the prevention of commercial dealings in human organs", the words "human organs and tissues for therapeutic purposes and for the prevention of commercial dealings in human organs and tissues" shall be substituted. 42 of 1994.

Amendment  
of section 1.

3. In section 1 of the principal Act, in sub-section (1), for the words "Human Organs", the words "Human Organs and Tissues" shall be substituted.

Substitution of  
references to  
certain  
expressions by  
certain other  
expressions.

4. Throughout the principal Act [except clause (h) of section 2], unless otherwise expressly provided, for the words "human organ" and "human organs", wherever they occur, the words "human organ or tissue or both" and "human organs or tissues or both" shall respectively be substituted with such consequential amendments as the rules of grammar may require.

Amendment of  
section 2.

5. In section 2 of the principal Act,—

(a) for clause (i), the following clause shall be substituted, namely:—

“(i) "near relative" means spouse, son, daughter, father, mother, brother, sister, grandfather, grandmother, grandson or granddaughter;”;

(b) in clause (o), the word "and" shall be omitted;

(c) after clause (o), the following clauses shall be inserted, namely:—

“(oa) "tissue" means a group of cells except blood performing a particular function in the human body;

(ob) "transplant coordinator" means a person of the hospital appointed for coordinating all matters relating to removal or transplantation of human organs or tissues or both; and”.

Amendment of  
section 3.

6. In section 3 of the principal Act,—

(a) after sub-section (1), the following sub-sections shall be inserted, namely:—

“(1A) In respect of such human organs or tissues or both, as may be prescribed, it shall be the duty of a registered medical practitioner working in a hospital registered under this Act, for the purpose of removal, storage or transplantation of human organs or tissues or both,—

(i) to ascertain from the person admitted to the Intensive Care Unit or from his near relative that such person had authorised at any time before his death the removal of any human organ or tissue or both of his body under sub-section (2), then the hospital shall proceed to obtain the documentation for such authorisation;

(ii) where no such authority as referred to in sub-section (2) was made by such person, to make aware to that person or near relative for option to authorise or decline for donation of human organs or tissues or both;

(iii) to require the hospital to inform in writing to the Human Organ Removal Centre for removal, storage or transplantation of human organs or tissues or both, of the donor identified in clauses (i) and (ii) in such manner as may be prescribed.

(1B) The duties mentioned under clauses (i) to (iii) of sub-section (1A) from such date, as may be prescribed, shall also apply in the case of a registered medical practitioner working in an Intensive Care Unit in a hospital which is not registered under this Act for the purpose of removal, storage or transplantation of human organs or tissues or both.";

(b) in sub-section (4), the following proviso shall be inserted, namely:—

"Provided that a technician possessing such qualifications and experience, as may be prescribed, may enucleate a cornea.";

(c) in sub-section (6), in clause (iii),—

(i) the word "and" shall be omitted; and

(ii) the following proviso shall be inserted, namely:—

"Provided that where a neurologist or a neurosurgeon is not available, the registered medical practitioner may nominate an independent registered medical practitioner, being a surgeon or a physician and an anaesthetist or intensivist subject to the condition that they are not members of the transplantation team for the concerned recipient and to such conditions as may be prescribed;"

7. In section 9 of the principal Act,—

Amendment  
of section 9.

(a) after sub-section (1), the following sub-sections shall be inserted, namely:—

"(1A) Where the donor or the recipient being near relative is a foreign national, prior approval of the Authorisation Committee shall be required before removing or transplanting human organ or tissue or both:

Provided that the Authorisation Committee shall not approve such removal or transplantation if the recipient is a foreign national and the donor is an Indian national unless they are near relatives.

(1B) No human organs or tissues or both shall be removed from the body of a minor before his death for the purpose of transplantation except in the manner as may be prescribed.";

(b) after sub-section (3), the following sub-section shall be inserted, namely:—

"(3A) Notwithstanding anything contained in sub-section (3), where—

(a) any donor has agreed to make a donation of his human organ or tissue or both before his death to a recipient, who is his near relative, but such donor is not compatible biologically as a donor for the recipient; and

(b) the second donor has agreed to make a donation of his human organ or tissue or both before his death to such recipient, who is his near relative, but such donor is not compatible biologically as a donor for such recipient; then

(c) the first donor who is compatible biologically as a donor for the second recipient and the second donor is compatible biologically as a donor of a human organ or tissues or both for the first recipient and both donors and both recipients in the aforesaid group of donor and recipient have entered into a single agreement to donate and receive such human organ or tissue or both according to such biological compatibility in the group,

the removal and transplantation of the human organ or tissue or both, as per the agreement referred to above, shall not be done without prior approval of the Authorisation Committee.";

(c) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4)(a) The composition of the Authorisation Committees shall be such as may be prescribed by the Central Government from time to time.

(b) The State Governments and the Union territories shall constitute, by notification, one or more Authorisation Committees consisting of such members as may be nominated by the State Governments and the Union territories on such terms and conditions as may be specified in the notification for the purposes of this section."

8. After section 13 of the principal Act, the following sections shall be inserted, namely:—

"13A. (1) The Central Government and the State Governments, as the case may be, by notification, shall constitute an Advisory Committee for a period of two years to aid and advise the Appropriate Authority to discharge its functions.

(2) The Advisory Committee shall consist of—

(a) one administrative expert not below the rank of Secretary to the State Government, to be nominated as Chairperson of the Advisory Committee;

(b) two medical experts having such qualifications as may be prescribed;

(c) one officer not below the rank of a Joint Director to represent the Ministry or Department of Health and Family Welfare, to be designated as Member-Secretary;

(d) two eminent social workers of high social standing and integrity, one of whom shall be from amongst representatives of women's organisation;

(e) one legal expert who has held the position of an Additional District Judge or equivalent.

(3) The terms and conditions for appointment to the Advisory Committee shall be such as may be prescribed by the Central Government.

13B. The Appropriate Authority shall for the purposes of this Act have all the powers of a civil court trying a suit under the Code of Civil Procedure, 1908 and, in particular, in respect of the following matters, namely:—

(a) summoning of any person who is in possession of any information relating to violation of the provisions of this Act or the rules made thereunder;

(b) discovery and production of any document or material object;

(c) issuing search warrant for any place suspected to be indulging in unauthorised removal, procurement or transplantation of human organs or tissues or both; and

(d) any other matter which may be prescribed.

Insertion of  
new sections  
13A, 13B, 13C  
and 13D.

Advisory  
Committees to  
advise  
Appropriate  
Authority.

Powers of  
Appropriate  
Authority.

5 of 1908.

13C. The Central Government may, by notification, establish a National Human Organs and Tissues Removal and Storage Network at one or more places and Regional Network in such manner and to perform such functions, as may be prescribed.

National Human Organs and Tissues Removal and Storage Network.

13D. The Central Government shall maintain a national registry of the donors and recipients of human organs and tissues and such registry shall have such information as may be prescribed to an ongoing evaluation of the scientific and clinical status of human organs and tissues."

National registry.

9. In section 14 of the principal Act, after sub-section (3), the following sub-sections shall be inserted, namely:—

Amendment of section 14.

"(4) No hospital shall be registered under this Act, unless the Appropriate Authority is satisfied that such hospital has appointed a transplant coordinator having such qualifications and experience as may be prescribed.

(5) The non-governmental organisations, registered societies, charitable trusts and such other entities engaged, either partly or exclusively, in any activity relating to the removal, storage or transplantation of any human organ and tissues for therapeutic purposes, shall immediately apply for registration in such manner as may be prescribed."

10. In section 18 of the principal Act,—

Amendment of section 18.

(a) in sub-section (1), for the words "five years and with fine which may extend to ten thousand rupees", the words "ten years and with fine which may extend to five lakh rupees" shall be substituted;

(b) in sub-section (2), for the words "two years", the words "three years" shall be substituted.

11. In section 19 of the principal Act,—

Amendment of section 19.

(a) after clause (f), the following clause shall be inserted, namely:—

"(g) abets in the preparation or submission of false documents including giving false affidavits to establish that the donor is making the donation of the human organs or tissues or both, as a near relative or by reason of affection or attachment towards the recipient.";

(b) for the words "two years but which may extend to seven years and shall be liable to fine which shall not be less than ten thousand rupees but may extend to twenty thousand rupees", the words "five years but which may extend to ten years and shall be liable to fine which shall not be less than five lakh rupees but may extend to twenty lakh rupees" shall be substituted;

(c) the proviso shall be omitted.

12. In section 20 of the principal Act, for the words "three years or with fine which may extend to five thousand rupees", the words "five years or with fine which may extend to five lakh rupees" shall be substituted.

Amendment of section 20.

13. In section 24 of the principal Act, in sub-section (2),—

Amendment of section 24.

(a) after clause (a), the following clauses shall be inserted, namely:—

"(aa) the human organs or tissues or both under sub-section (1A) and the manner of informing to the Human Organ Removal Centre under clause (iii) of sub-section (1A) of section 3 and the date from which duties mentioned in clauses (i) to (iii) of sub-section (1A) are to apply to a registered medical practitioner working in an Intensive Care Unit of a hospital which is not registered under this Act, under sub-section (1B) of that section;

(ab) the qualifications and experience of a technician under the proviso to sub-section (4) of section 3;";

(b) after clause (b), the following clause shall be inserted, namely:—

"(ba) the conditions for nomination of a surgeon or a physician and an anaesthetist or intensivist to be included in the Board of medical experts under the proviso to clause (iii) of sub-section (6) of section 3;";

(c) after clause (e), the following clauses shall be inserted, namely:—

"(ea) the manner of removal of human organs or tissues or both from the body of a minor before his death for transplantation under sub-section (1B) of section 9;

(eb) the composition of the Authorisation Committees under sub-section (4) of section 9;";

(d) after clause (i), the following clauses shall be inserted, namely:—

"(ia) the qualifications of medical experts and the terms and conditions for appointment to Advisory Committee under sub-sections (2) and (3) of section 13A;

(ib) the power of the Appropriate Authority in any other matter under clause (d) of section 13B;

(ic) the manner of establishment of a National Human Organs and Tissues Removal and Storage Network and Regional Network and functions to be performed by them under section 13C;

(id) the information in the national registry of the donors and recipients of human organs and tissues and all information under section 13D;";

(e) after clause (k), the following clauses shall be inserted, namely:—

"(ka) the qualifications and experience of a transplant coordinator under sub-section (4) of section 14;

(kb) the manner of registration of the non-governmental organisations, registered societies, charitable trusts and such other entities under sub-section (5) of section 14;".

## STATEMENT OF OBJECTS AND REASONS

The Transplantation of Human Organs Act, 1994 came into force on the 4th day of February, 1995 in the States of Goa, Himachal Pradesh and Maharashtra and all the Union territories. Thereafter, it has been adopted by all the States except the States of Jammu and Kashmir and Andhra Pradesh which have enacted their own legislation to regulate transplantation of human organs. The main purpose of the Act is to regulate the removal, storage and transplantation of human organs for therapeutic purposes and to prevent commercial dealings in human organs.

2. It has been observed that despite having put into place a regulatory mechanism for transplantation of human organs, there has been a spate of reports in the print and electronic media about thriving human organ trade in India and the consequential exploitation of economically weaker sections of the society. There has, therefore, been an increasing perception in civil society that the said Act has not been effective in curbing commercial transactions in organ transplant and thwarted genuine cases due to the complicated and long drawn process of organ donation.

3. On the above issue, Hon'ble High Court of Delhi in its judgment dated 6-9-2004 in W.P. No. 813 of 2004 Balbir Singh vs. Union of India and Others constituted a committee to examine the lacunae in implementation of the said Act. The recommendations of the said Committee were examined along with the recommendations of the Rajiv Gandhi Foundation. The draft guiding principles of the organ transplantation prepared by the World Health Organisation were also taken into consideration and after wide consultation, the administrative Ministry proposes to amend the said Act.

4. The amendments proposed, *inter alia*, are as follows:—

(i) presently the said Act regulates transplantation of the human organs, it has been proposed that the said Act also regulate the transplantation of tissues of the human body. Therefore, it is proposed to amend the long title, short title of the Act and also to insert appropriate definition of "tissues" in the definition clause and consequential amendments in other sections of the Act;

(ii) to expand the definition of "near relative" in order to include the grandfather, grandmother, grandson and granddaughter as near relative;

(iii) amendment of section 3 with a view to make mandatory for the Intensive Care Unit or Treating Medical Staff to request relatives of brain dead patients for organ donation and to provide for the enucleating of corneas by a trained technician. Further to enable a surgeon or a physician and an anaesthetist or intensivist to be included in the medical board in the event of non-availability of a neurosurgeon or neurologist for certification of brain death;

(iv) amendment of section 9 to regulate the transplantation of organs for foreign nationals, to prevent the exploitation of minors, to provide for Swap Donations of organs, to empower the Central Government to prescribe the composition of Authorisation Committees and to empower State Governments and Union territories to set up their own Authorisation Committees;

(v) insertion of a new section 13A to constitute the Advisory Committees to advise the Appropriate Authorities;

(vi) insertion of a new section 13B to empower the Appropriate Authorities to summon persons, seek production of documents, issue search warrants, etc.;

(vii) insertion of new section 13C to establish a National Human Organs and Tissues Removal and Storage Network;

(viii) to provide for the development and maintenance of a national registry of the recipients of human organs transplants;

(ix) amendment of section 14 to appoint a “transplant coordinator” in all hospitals registered for organ retrieval and transplantation; and to provide for the registration of non-governmental organisations working in the field of organ retrieval, banking and transplantation;

(x) amendment of sections 18, 19 and 20 to enhance the penalties provided under the Act; and

(xi) consequential amendment in section 24 in respect of the rule making power of the Central Government.

5. The Bill seeks to achieve the above objectives.

NEW DELHI;

*The 17th November, 2009.*

GHULAM NABI AZAD.

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PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF  
THE CONSTITUTION OF INDIA

[Copy of letter No. S.12011/13/2007—MS dated the 30th November, 2009 from Shri Ghulam Nabi Azad, Minister of Health and Family Welfare to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Transplantation of Human Organs (Amendment) Bill, 2009 recommends to the House the consideration of the Bill under article 117(3) of the Constitution.



## FINANCIAL MEMORANDUM

Clause 8 of the Bill, *inter alia*, seeks to insert section 13C which empowers the Central Government to establish a National Human Organs and Tissues Removal and Storage Network that links organ retrieval and transplant centres to facilitate exchange of information about availability of organs and data base of recipients which holds the key to the success of any transplant programme. A similar role was expected of Organ Retrieval and Banking Organisation (ORBO). However, experience indicates that ORBO has got confined to the All India Institute of Medical Sciences, Delhi only. Therefore, the need has been felt for the establishment of a nationwide network to maintain a waiting list of patients awaiting transplantation through computerised network and data base. The expenditure on account of procurement and maintenance of electronic equipments and setting up of network with the State Government will have to be borne by the Central Government. The Bill, if enacted, would involve expenditure from the Consolidated Fund of India which may be of both recurring and non-recurring in nature. The estimated total expenditure per annum will be to the tune of rupees five crore.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (a) of clause 6 of the Bill seeks to insert a new sub-section (1A) in section 3 which empowers the Central Government to prescribe human organs or tissues or both for the purpose of their removal, storage or transplantation, the manner in which the hospitals will be required to inform in writing to the Human Organ Removal Centre for removal, storage or transplantation of human organs or tissues or both of the donor and also the date from which duties mentioned in clauses (i) to (iii) of sub-section (1A) are to apply in the case of a registered medical practitioner working in an Intensive Care Unit of a hospital which is not registered under this Act.

Sub-clause (b) of clause 6 of the Bill seeks to insert a proviso to sub-section (4) of section 3 which empower the Central Government to prescribe qualifications and experience of the technicians to be authorised to remove corneas.

Sub-clause (c) of clause 6 of the Bill seeks to insert proviso after clause (iii) to sub-section (6) of section 3 to prescribe the conditions for the nomination by a registered medical practitioner of a surgeon or a physician and an anaesthetist or intensivist to be included in the Board of medical experts to certify brain-stem death of a person for the purpose of removal of human organs or tissues or both.

Sub-clause (a) of clause 7 of the Bill seeks to insert sub-section (1B) in section 9 which empowers the Central Government to prescribe the manner of removal of organs or tissues or both from the body of a minor before his death for the purpose of transplantation.

Sub-clause (c) of clause 7 of the Bill seeks to amend sub-section (4) of section 9 which empowers the Central Government to prescribe the composition of Authorisation Committee and empowers the State Governments and the Union territories to notify the constitution and terms and conditions of the Authorisation Committees.

Clause 8 of the Bill seeks to insert a new section 13A to the Act which empowers the Central Government and the State Governments to notify the constitution of the Advisory Committee and the Central Government to prescribe the terms and conditions, for appointment to the Advisory Committee to aid and advise the Appropriate Authority in the discharge of its functions.

Clause 8 of the Bill seeks to insert a new section 13B to the Act which empowers the Central Government to prescribe other matters where the Appropriate Authorities can exercise the powers of a civil court.

Clause 8 of the Bill seeks to insert a new section 13C to the Act which empowers the Central Government to notify the establishment of National Human Organs and Tissues Removal and Storage Network and to prescribe the manner of establishment thereof and the functions to be performed by such a Network.

Clause 8 of the Bill seeks to insert a new section 13D to the Act which empowers the Central Government to maintain a national registry of donors and recipients of human organs and tissues and to prescribe information for such registry for an ongoing evaluation of the scientific and clinical status of human organs and tissues.

Clause 9 of the Bill seeks to insert sub-sections (4) and (5) in section 14 which empowers the Central Government to prescribe the qualifications and experience required of the person for his appointment as a transplant coordinator; and to prescribe the manner for registration of non-governmental organisations, registered societies, charitable trusts and such other entities that are engaged in transplantation of human organs and tissues for therapeutic purposes.

The matters in respect of which notifications may be issued or rules to be made under the aforesaid provisions pertain to procedure or administrative detail and it is not practicable to provide for them in the Bill itself, the delegation of legislative power is therefore of a normal character.

The rules made under the said provisions shall be laid before each House of Parliament.

## BILL NO. 141 OF 2009

*A Bill further to amend the State Bank of Hyderabad Act, 1956 and the State Bank of India (Subsidiary Banks) Act, 1959.*

BE it enacted by Parliament in the Sixtieth Year of the Republic of India as follows:—

## CHAPTER I

## PRELIMINARY

1. (1) This Act may be called the State Bank of India (Subsidiary Banks Laws) Amendment Act, 2009.

Short title and  
commence-  
ment.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

## CHAPTER II

## AMENDMENTS TO THE STATE BANK OF HYDERABAD ACT, 1956

Amendment  
of section 9.

2. In sub-section (4) of section 9 of the State Bank of Hyderabad Act, 1956 (hereafter in this Chapter referred to as the State Bank of Hyderabad Act), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted.

79 of 1956.

Amendment  
of section 10.

3. In section 10 of the State Bank of Hyderabad Act,—

(a) in sub-section (1A), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted;

(b) in sub-section (3), for the words "with the approval of the State Bank and the Reserve Bank", the words "with the approval of the State Bank and the Central Government in consultation with the Reserve Bank" shall be substituted;

(c) in sub-section (3B),—

(i) for the words "with the approval of the State Bank and the Reserve Bank", the words "with the approval of the State Bank and the Central Government in consultation with the Reserve Bank" shall be substituted;

(ii) for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted.

## CHAPTER III

## AMENDMENTS TO THE STATE BANK OF INDIA (SUBSIDIARY BANKS) ACT, 1959

Amendment  
of section 6.

4. In sub-section (4) of section 6 of the State Bank of India (Subsidiary Banks) Act, 1959 (hereinafter referred to as the principal Act), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted.

38 of 1959.

Amendment  
of section 7.

5. In section 7 of the principal Act,—

(a) in sub-section (1A), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted;

(b) in sub-section (4), for the words "with the approval of the State Bank and the Reserve Bank", the words "with the approval of the State Bank and the Central Government in consultation with the Reserve Bank" shall be substituted;

(c) in sub-section (6),—

(i) for the words "with the approval of the State Bank and the Reserve Bank", the words "with the approval of the State Bank and the Central Government in consultation with the Reserve Bank" shall be substituted;

(ii) for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted.

Amendment  
of section 25.

6. In section 25 of the principal Act,—

(a) in sub-section (1),—

(i) in clause (a), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted;

(ii) in clause (b), for the words "to be nominated by the Reserve Bank", the words "to be nominated by the Central Government on the recommendation of the Reserve Bank" shall be substituted;

(b) in sub-section (6), for the words "in consultation with the Reserve Bank", the words "in consultation with the Central Government" shall be substituted.

7. In section 29 of the principal Act,—

Amendment  
of section 29.

(a) in sub-section (1), for the words "and with the approval of the Reserve Bank", the words "and the Reserve Bank, and with the approval of the Central Government" shall be substituted;

(b) in sub-section (3),—

(i) in the proviso to clause (a), for the words "with the approval of the State Bank and the Reserve Bank", the words "with the approval of the State Bank and the Central Government in consultation with the Reserve Bank" shall be substituted;

(ii) in clauses (b) and (c), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall respectively be substituted;

(c) in sub-section (5), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted.

8. In section 31 of the principal Act,—

Amendment of  
section 31.

(a) in sub-section (1), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted;

(b) in clause (a) of sub-section (3), for the words "with the approval of the Reserve Bank", the words "in consultation with the Reserve Bank and with the approval of the Central Government" shall be substituted.

9. In section 35A of the principal Act,—

Amendment  
of section  
35A.

(a) in sub-section (1),—

(i) for the words "Where the Reserve Bank, on the recommendation of the State Bank", the words "Where the Central Government, on the recommendation of the Reserve Bank and in consultation with the State Bank" shall be substituted;

(ii) for the words "the Reserve Bank may", the words "the Central Government may" shall be substituted;

(b) in sub-sections (2) and (5), for the words "The Reserve Bank may", the words "The Central Government in consultation with the Reserve Bank may" shall respectively be substituted;

(c) in sub-section (3), clause (b) of sub-section (4) and sub-sections (6) and (7), for the words "the Reserve Bank", wherever they occur, the words "the Central Government" shall respectively be substituted.

10. In section 63 of the principal Act,—

Amendment  
of section 63.

(a) in sub-section (1), for the words "after consultation with the State Bank and with the previous approval of the Reserve Bank", the words "after consultation with the State Bank and the Reserve Bank and with the previous approval of the Central Government" shall be substituted;

(b) sub-section (3) shall be omitted;

(c) in sub-section (4), for the words "by the State Bank", the words "by the Board of Directors of a subsidiary bank" shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

The transfer of ownership of the State Bank of India from the Reserve Bank of India to the Central Government was carried out pursuant to the coming into force of the State Bank of India (Amendment) Act, 2007 (30 of 2007). There are certain provisions in the State Bank of India (Subsidiary Banks) Act, 1959 and the State Bank of Hyderabad Act, 1956 dealing with the approval of or consultation with the Reserve Bank of India (in the capacity as owner of State Bank of India) in the management and functioning of the subsidiary banks. Due to the change in the ownership, those provisions need to be suitably modified to reflect the change in ownership. Further, the change of ownership in the State Bank of India also necessitate following consequential changes in the aforesaid Acts. The Bill proposes to amend the said two Acts, *inter alia*, to—

(a) confer power on the Central Government instead of the Reserve Bank of India, but after consultation with the Reserve Bank of India, to approve:—

- (i) increase or reduction of the authorised capital of a subsidiary bank;
- (ii) fixation of the issued capital of subsidiary banks by the State Bank of India;
- (iii) raising of issued capital by preferential allotment or private placement or public issue by the subsidiary banks;
- (iv) issuing of bonus shares to the existing equity shareholders;
- (v) permitting the Chairman of the State Bank of India to nominate an official of the State Bank of India or the subsidiary bank as the Chairman of the Board of a subsidiary bank;
- (vi) appointment of the Managing Director, fixation of the term of the office, salary and allowances and removal of the Managing Director;
- (vii) supersession of the Board of Directors of subsidiary banks in public interest or for depositors' interest or for securing the proper management of the subsidiary banks on the recommendation of the Reserve Bank of India and appointment of an administrator and a committee to assist the administrator; and
- (viii) making of regulation by the Board of the subsidiary banks;

(b) confer power on the Central Government in place of the Reserve Bank of India under section 31 to approve the removal from office of directors nominated and elected under clauses (c) and (d) respectively, of sub-section (1) of section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.

2. The Bill seeks to achieve the above objectives.

NEW DELHI;  
The 20th November, 2009.

PRANAB MUKHERJEE.